NO CHANGE IN CLASS. 17

MSC BRIEFING CLASSFOHANGED TO: TS S C NEXT REVIEW DATE: 21 January 1959

DATE. ETTECTSE OF WERE TESCHALIST CONGRESS

- I. The results of the Italian Socialist Party (PSI) congress this past week end may have far-reaching effects on Italian politics.
  - A. Nenni won 58.3 percent of the votes on a motion calling for "autonomy" (i.e., independence from Communist control) and his "autonomist" wing won 47 of 81 seats on the central committee and all 15 seats on party directorate.
- II. This will not mean an immediate and complete PSI break with the Communists.
  - A. To avoid losses in his own party, Nenni feels he must move slowly, and for the present at least the PSI will continue to associate with the Communists in various local governments and cooperatives.
  - B. The Nenni Socialists will also remain in the Communist-dominated General Confederation of Labor (CGIL).
- III. The Fanfani government's tenuous 3-vote parliamentary majority is still in jeopardy.
  - A. Though the PSI's "autonomy" resolution does not meet Social

    Democratic leader Saragat's terms for Socialist reunification,

    Saragat predicts that some of his deputies will bolt to Menni's

    party.
  - B. Samuel may decide to save the Fanfani govt at this time by giving it at least indirect support in parliament.
    - Dependence on such support by Fanfani, however, might provoke some right-wing members of his Christian Democratic
      Party to bolt the coalition and force a cabinet fall.

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IV. Should Fanfani's govt fall before he can thrash out his own position at the Christian Democrats' congress scheduled for 11-13 April, a one-party Christian Democratic govt might be formed, possibly dependent on Liberal and Monarchist support.

A. A lesser possibility is a decision to call for new elections.

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